Toronto Star Limited Annual Report

1969

A year of decision

The President's Report

Your Directors are pleased to submit the annual report of the company for the fiscal year ended September 30, 1969.

Net income before extraordinary items increased by $1,126,000 or 69% over 1968. The improvement reflects an unprecedented 39% increase in Daily Star advertising revenues and, to a lesser extent, the economies resulting from the change in Star Weekly operations.

Net income per share before extraordinary items increased 94 cents from $1.37 in 1968 to $2.31 in 1969.

Quarterly dividends continued at the annual rate of 45¢ per share. An extra dividend of 15¢ was paid in the last quarter bringing the total dividends for the year to 60¢ per share.

The sale in April of the company's King and Adelaide Street properties resulted in an extraordinary profit of $8,650,000 after provision for relocation and related expenses. The company will continue to publish The Daily Star at its King Street plant until the new Harbor Plant is completed.

Sub

Toronto Star Limited

Board of Directors

Beland H. Honderich
President and Publisher

Burnett M. Thall
Vice-President

Murray Turner
Vice-President

Harry A. Hindmarsh
Secretary

William J. Campbell

Ruth Atkinson Hindmarsh

Stewart A. [illegible]

Officers

George R. [illegible]
Treasurer

William C. [illegible]
Production Manager

The President's Report

Your Directors are pleased to submit the annual report of the company for the fiscal year ended September 30, 1969.

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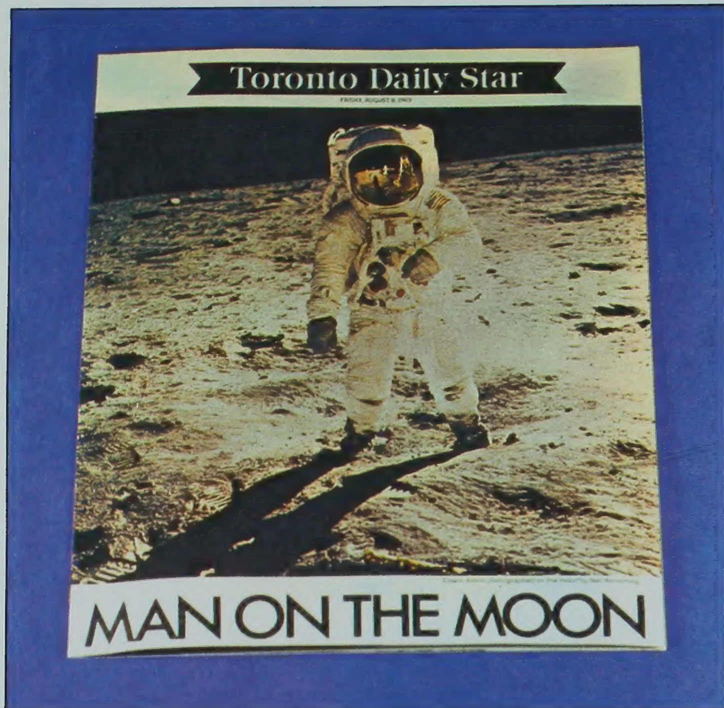
Stewart A. Woods

Officers

George B. Kimpton
Treasurer

William C. Rankin
Business Manager



On Friday, Aug. 8, The Star published a special 16-page supplement containing the first rotogravure color pictures printed in Canada of the first men on the moon. Staff writer Trent Frayne wrote the story of the U.S. astronauts from blast-off to splash down. Thanks to the supplement, The Star sold an additional 64,000 copies that day.

During 1969 Daily Star advertising revenues increased by $5.3 million. Classified advertising was particularly buoyant and showed a gain of 2,989,636 lines. Retail advertising was up 1,183,065 lines and national advertising improved by 725,799 lines. In each category, The Star increased its share of the market.

Daily Star circulation, which has been growing at a steady rate over the past ten years, showed further improvement. The latest Audit Bureau of Circulations Publisher's Statement shows average circulation reached a new high of 387,418 for the period ended March 31, 1969. Publishers' Statements, as of that date, show The Daily Star led its evening competitor by 144,613 copies per day.

On a consolidated basis, operating costs continue to increase despite a reduction in the roto staff. For The Daily Star alone employee costs rose by approximately $1.9 million or 12% to a new high of $17 million. The price of newsprint, another major cost item, increased 3.8% on January 1, 1969, and a further increase has been announced for January 1, 1970.

During the year the company acquired the Oakville Daily Journal-Record and the Port Credit South Peel Weekly from Home Newspapers, a company jointly controlled by Toronto Star Limited and the Thomson newspaper organization.

The acquisitions were in line with the policy of the company to invest in the development of suburban community newspapers. Toronto Star now owns or has an interest in fourteen suburban community newspapers including The Advertiser, Etobicoke Advertiser-Guardian, Weston Times, Woodbridge and Vaughan News, Etobicoke Press, Willowdale Enterprise, Burlington Gazette, Aurora Banner, Richmond Hill Liberal, Don Mills Mirror, Scarboro Mirror and North York Mirror.

Canadian Magazine published by Southstar Publishers Limited, a company jointly owned by Toronto Star Limited and Southam Press Limited, continued to increase its share of the market but total sales volume did not change appreciably from 1968 because of a static rotogravure advertising market. As a means of effecting production economies and increasing rotogravure advertising sales, Southstar Publishers entered into an arrangement to have The Canadian printed by the Montreal Standard Publishing Company. This change, along with the establishment of a new rotogravure advertising sales agency, is expected to produce substantial economies and improve the outlook for this publication. Studies are underway to determine the best utilization of The Star's rotogravure facilities.

During the year the company announced its decision to proceed with the construction of a new Daily Star plant to relieve serious overcrowding in the present building and also provide much needed additional productive capacity which is required to accommodate growth in circulation and color advertising. An order was placed with Crabtree-Vickers (Canada) Limited for five high speed Crabtree presses capable of printing up to 144 pages with color printing facilities that will match or exceed most large newspapers on the continent.

The new Star building will be located on the company's property at One Yonge Street. The building will be erected and owned by Olympia & York Developments Limited and leased to Toronto Star.

The Directors wish to express their appreciation and thanks to the employees of the company for their continued loyal service.

On behalf of the Board,

Beland Honderich

President

The Star's two welfare funds continue to give assistance every year to thousands of needy children in Metropolitan Toronto. The Fresh Air Fund, in this its 68th year raised more than $38,500 to send youngsters to summer camps. Target for The Star Santa Claus Fund's 64th annual appeal is $100,000 to provide Christmas cheer for 20,000 children.

The story of "Toronto: the Exciting City" was told last spring in a series of seven articles by a team of Star writers under the direction of Michael Best, The Star's City Hall Bureau Chief. The series was reprinted in booklet form and more than 11,000 have been sold.

Toronto Star Limited

(Incorporated under the laws of Ontario)

Consolidated Balance Sheet

SEPTEMBER 30, 1969 (with comparative figures at September 30, 1968)

ASSETS

	1969	1968
CURRENT:		
Cash	$ 529,000	$ 1,058,000
Marketable securities at amortized cost (market value 1969—$3,609,000; 1968—$1,975,000)	3,718,000	2,042,000
Receivables	5,446,000	4,747,000
Mortgage receivable, current portion	1,400,000	
Inventories, at cost	1,057,000	968,000
Prepaids	567,000	635,000
TOTAL CURRENT ASSETS	12,717,000	9,450,000
EQUITIES IN 50% OWNED COMPANIES	1,507,000	1,431,000
MORTGAGE RECEIVABLE (note 1)	14,563,000	
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost	16,284,000	22,195,000
Less accumulated depreciation	9,690,000	10,656,000
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,594,000	11,539,000
OTHER:		
Deferred income tax charges	1,465,000	
Unamortized bond and debenture discount and expenses		111,000
Goodwill, at cost	453,000	453,000
TOTAL OTHER ASSETS	1,918,000	564,000
TOTAL ASSETS	$37,299,000	$22,984,000

On behalf of the Board: Beland Honderich Director   [illegible] Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968
CURRENT:		
Payables	$ 4,079,000	$ 3,002,000
Taxes payable	2,167,000	1,041,000
Current portion of long term debt	160,000	507,000
TOTAL CURRENT LIABILITIES	6,406,000	4,550,000
DEFERRED INCOME TAXES		222,000
PROVISION FOR RELOCATION EXPENSES	2,887,000	
LONG TERM (note 5):		
5½% First Mortgage sinking fund bonds due 1978	4,980,000	5,655,000
6% Sinking fund debentures due 1979	2,229,000	2,447,000
7¼% Mortgage due 1971	550,000	710,000
TOTAL LONG TERM LIABILITIES	7,759,000	8,812,000
MINORITY INTEREST IN SUBSIDIARIES	63,000	55,000
SHAREHOLDERS' EQUITY:		
Capital—		
Authorized (note 2):		
Issued (note 2)		
1,200,000 shares without par value	1,500,000	1,500,000
Retained earnings	18,684,000	7,845,000
TOTAL SHAREHOLDERS' EQUITY	20,184,000	9,345,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$37,299,000	$22,984,000

(See accompanying notes to the financial statements)

Notes to Consolidated Financial Statements Year ended September 30, 1969

1. Properties and Commitments

During the year the company sold its King and Adelaide Street properties and realized an after-tax profit of $8,650,000, after making provision for relocation and related expenses. The mortgage taken on the sale of these properties is payable $1,400,000 on March 31, 1970, $8,600,000 on Sept. 30, 1973 and the balance five years later. The first two instalments are guaranteed by a large Canadian life insurance company. Publication will continue at 80 King Street West, until a new plant is completed and equipped.

Under a letter of intent the company would loan, if requested to do so, up to approximately $12 million to the builder-owner of the new Toronto Star Building. In addition, the company would lease the new building for a 30-year period at a net net annual rental of approximately $2.3 million; a portion of the new building would be leased back to the builder-owner for a 30 year period at a net net annual rental of approximately $1.1 million.

The Company has an outstanding commitment of $5.1 million in connection with its acquisition of new presses.

2. Share Capital

Information with respect to the authorized share capital of the company, and certain conditions relating to the rights of each class of shares, is set out below:

i) Authorized capital—
3,333,665 Class A shares, par value $1, redeemable at par:
989,460 Class B shares, without par value
810,540 Class C shares, without par value
271,505 Class D shares, without par value
328,495 Common shares, without par value

ii) Issued and outstanding—
89,460 Class B shares, without par value
810,540 Class C shares, without par value
271,499 Class D shares, without par value
28,501 Common shares, without par value

iii) Dividend entitlements—
a) Class A shares are entitled to non-cumulative preferential cash dividends at the rate of 3% per annum.
b) Class B shares are entitled to non-cumulative preferential cash dividends aggregating 45¢ per share per annum, payable 11¼¢ per share quarterly. After payment of the quarterly preferential dividend for any quarter on the Class B shares, dividends of up to 11¼¢ or its equivalent per share may be paid on Class C and D shares and upon the common shares. Whenever dividends of 45¢ or its equivalent per share have been paid in any calendar year on the Class B, C and D shares and common shares, all further dividends declared in such calendar year shall be declared on all outstanding Class B, C and D shares and common shares without preference.
c) Provision is made whereby dividends on Class C and D shares may be made in the form of a stock dividend of redeemable shares of the Company; in this event, the conditions attaching to the Class C and D shares provide that a suitable adjustment be made for taxes payable by the Company with respect to such stock dividends.

iv) Conversion privileges—
a) Class B shares may be converted at any time into Class C shares on the basis of one Class C share for each Class B share.
b) Class C shares may be converted at any time into Class B shares on the basis of one Class B share for each Class C share.
c) Class D shares may be converted at any time into common shares on the basis of one common share for each Class D share.

v) Voting privileges—
Class D shares and common shares have full voting rights under all circumstances; Class A shares have no general voting rights. Class B and C shares are entitled to general voting rights only after the Company has failed to pay the quarterly dividends of 11¼¢ per share, or its equivalent in each of eight consecutive quarters.

3. Dividends

The Company paid dividends of 60¢ in cash or its equivalent per outstanding share. With respect to Class C and D shares, dividends at 85% of the cash amount were paid in the form of Class A shares and the amount recorded in the retained earnings account includes the 15% tax paid under Section 105 of the Income Tax Act; in this connection 549,010 Class A shares, par value $1, were issued and redeemed at par.

Under Trust Deeds relating to the Company's long term debt, distributions to shareholders (as defined) are restricted to the extent that such distributions would reduce consolidated net current assets (as defined) below $3,500,000.

4. Remuneration

The expenditures for 1969 include remuneration of $372,000 (1968—$320,000) of Directors (including their compensation as officers) and senior officers.

5. Sinking Fund Requirements

The annual sinking fund requirements under the first mortgage bonds and the debentures are as follows:

First mortgage bonds	—$395,000 until May 1, 1977
Debentures	—$117,000 until May 1, 1978

6. Pension Plans

Under the Company's pension plans, the total unamortized past service costs at September 30, 1969, as estimated by an independent actuary, approximate $2,023,000. These past service costs are being amortized principally over a 25 year period from the dates such costs were established.

7. Contingent Liability, Dismissal and Severance

No provision has been made for the contingent liability of the Company with respect to the dismissal and severance provisions contained in contracts and with respect to compassionate allowances.

Consolidated Statement of Income

YEAR ENDED SEPTEMBER 30, 1969 (with comparative figures for the year ended September 30, 1968)

	1969	1968
REVENUE:		
Advertising and circulation—Daily Star	$41,077,000	$35,240,000
Advertising and circulation—Other	1,889,000	6,946,000
Printing and other	8,988,000	6,096,000
Investment revenue	254,000	192,000
Equity in net incomes of 50% owned companies	67,000	61,000
TOTAL REVENUE	52,275,000	48,535,000
OPERATING COSTS:		
Employee costs	20,987,000	20,093,000
Paper and ink	12,949,000	12,572,000
Other operating costs	11,073,000	11,085,000
Depreciation	822,000	789,000
TOTAL OPERATING COSTS	45,831,000	44,539,000
FINANCIAL:		
Interest on long term debt, discount and financing expense	618,000	572,000
TOTAL OPERATING AND FINANCIAL COSTS	46,449,000	45,111,000
NET INCOME BEFORE INCOME TAXES	5,826,000	3,424,000
INCOME TAXES	3,057,000	1,781,000
NET INCOME BEFORE EXTRAORDINARY ITEMS	2,769,000	1,643,000
EXTRAORDINARY ITEMS (net of income tax):		
Severance pay		(120,000)
Profit on sale of land (after provision for relocation and related expenses)	8,650,000	
Profit on sale of equipment	140,000	
	8,790,000	(120,000)
NET INCOME	$11,559,000	$ 1,523,000
PER SHARE, NET INCOME BEFORE EXTRAORDINARY ITEMS	*$2.31*	*$1.37*

Consolidated Statement of Retained Earnings

YEAR ENDED SEPTEMBER 30, 1969 (with comparative figures for the year ended September 30, 1968)

	1969	1968
NET INCOME FOR THE YEAR	**$11,559,000**	$ 1,523,000
LESS DIVIDENDS PAID (note 3)	**720,000**	540,000
NET INCREASE FOR THE YEAR	**10,839,000**	983,000
RETAINED EARNINGS, BEGINNING OF YEAR	**7,845,000**	6,862,000
RETAINED EARNINGS, END OF YEAR	**$18,684,000**	$ 7,845,000

Auditors' Report to the Shareholders of Toronto Star Limited

We have examined the consolidated balance sheet of Toronto Star Limited and its subsidiaries as at September 30, 1969 and the consolidated statements of income, retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, November 6, 1969

Clarkson, Gordon & Co.
Chartered Accountants

Consolidated Statement of Source & Application of Funds

YEAR ENDED SEPTEMBER 30, 1969 (with comparative figures for the year ended September 30, 1968)

	1969	1968
SOURCE OF FUNDS:		
From operations—		
Net income before extraordinary items	$ 2,769,000	$ 1,643,000
Add charges to income which did not reduce working capital:		
Depreciation	822,000	789,000
Bond discount	111,000	18,000
Miscellaneous	(62,000)	(138,000)
TOTAL FUNDS FROM OPERATIONS	3,640,000	2,312,000
Proceeds from disposal of equipment	300,000	
Net proceeds from sale of land	1,126,000	
TOTAL SOURCE OF FUNDS	5,066,000	2,312,000
APPLICATION OF FUNDS:		
Purchase of fixed assets	1,874,000	1,715,000
Reduction in long term debt	1,053,000	611,000
Dividends	720,000	540,000
Miscellaneous	8,000	173,000
TOTAL APPLICATION OF FUNDS	3,655,000	3,039,000
INCREASE (DECREASE) IN WORKING CAPITAL	$ 1,411,000	$ (727,000)
WORKING CAPITAL, END OF YEAR	$ 6,311,000	$ 4,900,000

(See accompanying notes to the financial statements)

Toronto Star moves to number One Yonge Street

After 40 years at 80 King Street West, Toronto Star is moving south to the waterfront. And in much the same way that its present building helped to spark development of downtown Toronto west of Bay Street, the new Star Building at One Yonge Street will begin the exciting redevelopment of Toronto's harbor area.

When The Star decided to build a 23-storey office building and publishing plant at 80 King in the late 1920's, downtown development was centred in the area between Yonge and Bay Streets where the Canadian Imperial Bank of Commerce tower was rising. King Street west of Bay, with its aging two and three-storey commercial buildings, was "too far" away from Yonge Street. Indeed, many people expected the financial district would grow to the east and not to the west.

The Star Building, then the largest and most modern in the city, changed the outlook and attracted development westward. Together with the construction of the Royal York Hotel, it spurred the development of University Avenue and ultimately the area that now includes the giant Toronto-Dominion Centre.

The new 25-storey Star building and five-storey production plant is the first of several major developments planned for the waterfront area. The $1 billion Canadian National–Canadian Pacific development extending south to the Gardiner Expressway will cover 190 acres. Campeau Corp. plans a $250,000,000 apartment development on its Harbor Square land immediately west of the Star property.

Today no one lives along the central waterfront. In the future, according to planning board estimates, nearly 100,000 people will live in apartments and housing units amid the office and commercial buildings, shops, hotel and trade centre planned for the area.

Toronto Star has been growing with the city for 77 years since it began publication in 1892 as The Evening Star. The move

from King Street to the waterfront marks the sixth time it has moved to new quarters.

When the present building was completed in 1929, Toronto had a population of 621,000 and The Star's circulation was 174,186. Today Metropolitan Toronto is the fastest growing city in North America and The Star's current circulation of 400,000 makes it by far the largest newspaper in Canada.

It is the growth of the Metropolitan area, bringing with it demands for larger and better-printed newspapers, more color pictures and color advertisements, that prompts the Star's latest move to the harbor site purchased by The Star in the 1940's.

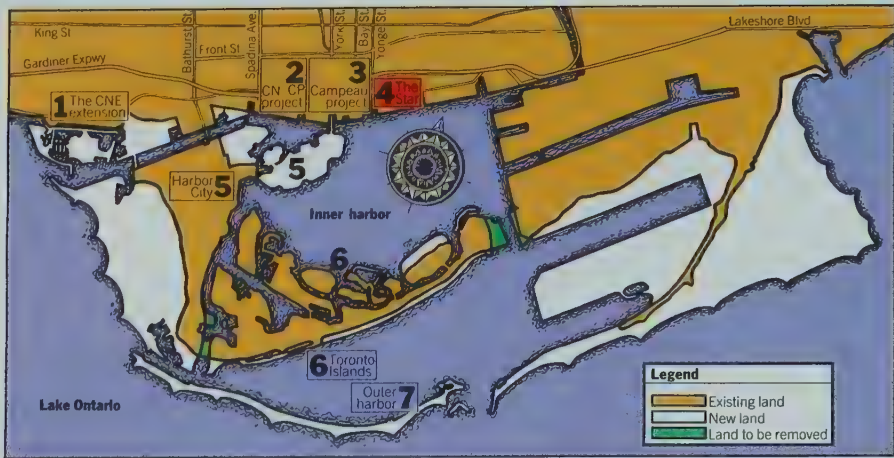
The present plant was designed in the late 1920's to produce papers of up to 56 pages (without color) at an average press rate of 35,000 to 40,000 copies an hour. Color facilities and new press units have since been added but with the paper now averaging 86 pages on Wednesdays and going as high as 104 pages on Saturday, it is no longer possible to meet color advertising requirements without pre-printing sections of the paper.

The larger papers reflect the substantial growth that has taken place in the Star's advertising linage. In the last ten years linage has increased 31 per cent with classified advertising alone up 42 per cent. This growth in advertising, coupled with a ten-year circulation increase of 78,636 has taxed the capacity of the plant and pushed production into costly overtime hours.

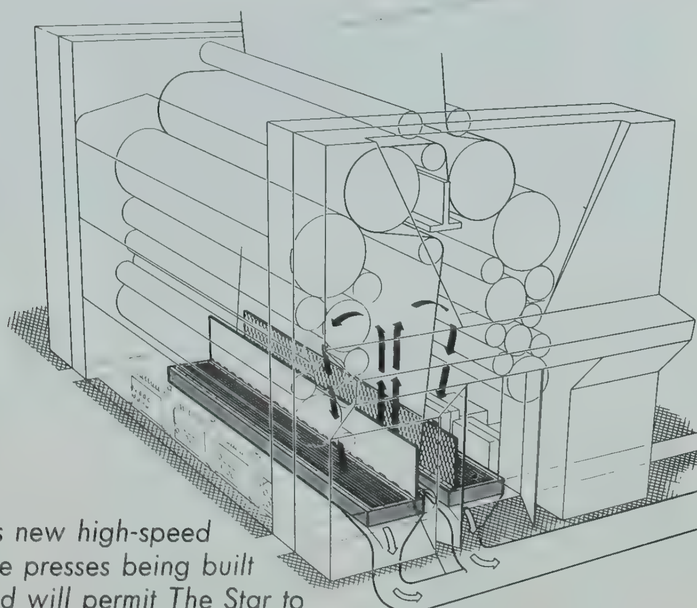
Installation of the first new press units is scheduled to begin in the fall of 1970. When completed in late 1971, The Star will be in a position to achieve production economies.

The new harbor plant is designed to print and distribute papers averaging 96 pages at 100,000 copies per hour. Orders have been placed with Crabtree-Vickers (Canada) Ltd., for five new high-speed letterpresses capable of printing up to 144 pages at one time. Extensive color facilities will match or excel those of most large newspapers on the continent.

The Star's new waterfront home at One Yonge Street is expected to be completed late in 1971. The 25-storey office tower and five-storey production plant, together with presses and other equipment, will cost at least $38 million, exclusive of land value. Architects are Webb Zerafa Menkes.



The Star's new headquarters will be the vanguard of a wave of development that is expected to transform the harbor area in the next few years, including such projects as: (1) Ontario government's CNE pavillion (2) CN-CP Metro Centre (3) Robert Campeau's Harbor Square (4) Toronto Star Centre (5) Ontario's proposed Harbor City (6) Development of Toronto Islands (7) A new outer harbor.



The Star's new high-speed Crabtree presses being built in England will permit The Star to produce a newspaper of up to 144 pages, with color-printing facilities matching or exceeding most large newspapers on this continent.

In addition to new presses and associated production equipment necessary to improve printing quality, a completely new mailing room system is being designed to bundle and speed delivery of newspapers to customers.

The decision to move to the waterfront was reached after feasibility studies weighed the costs of modernizing the King Street plant against the cost of building a new plant. Largely because of the high value of King Street property, which today exceeds $100 per square foot, the development of the harbor property offered a better return on investment.

The new building will be located on the south half of the Star's main harbor property bounded by Yonge Street, Queen's Quay, Freeland and Lakeshore Blvd. When the new plant is completed in 1971 and the rotogravure plant is relocated, the north property will be available for development.

The new Star building and production plant is being built by Olympia and York Developments Ltd., one of Canada's major industrial and commercial development companies, and leased to The Star. About half the 840,000 gross square feet will be occupied by The Star and the remainder will be re-leased to Olympia and York for commercial and office rental space.

For The Star the move to the waterfront is not just a case of an institution occupying new quarters equipped with new presses. It is also a time for study and re-appraisal of the role of the newspaper in the community and the development of new approaches and news techniques that will be necessary to interpret the world of tomorrow to Star readers.

"In a very real sense," says President and Publisher Beland Honderich, "it is a kind of re-dedication of this newspaper to serve the community. Our aim is to engage the public—aggressively, accurately and actively—in free debate in the search for truth, even if that truth is not always popular. The Star's new building will symbolize and support that quest."

The Star's new headquarters will be the [illegible] development that is [illegible] the [illegible] few years, including [illegible] ... Square [illegible] 5. [illegible] Development of Toronto [illegible]

The Star's new [illegible] ... [illegible] 144 pages [illegible]

It [illegible] ... [illegible] customers.

The decision to [illegible] to the [illegible] was [illegible] feasibility studies [illegible] ... against the cost of [illegible] ... [illegible] per square foot [illegible] ... a better return [illegible].

The new building will be located [illegible] half of The Star's [illegible] property bounded by [illegible] Street, Queen's Quay, [illegible] ... [illegible] the north [illegible] available [illegible].

The new Star building and [illegible] is being built by Olympia and York Developments [illegible] one of Canada's major industrial and commercial [illegible] companies, and leased to The Star. About [illegible] square feet will be occupied by The Star and the [illegible] will be [illegible] Olympia and York for [illegible].

For The Star the [illegible] is not just a [illegible] ... [illegible] time for [illegible] ... newspaper in the community [illegible] development of new [illegible] and news [illegible] that will be [illegible] to interpret the world of [illegible] to Star readers.

"In a very real sense," [illegible] ... "it is a kind of [illegible] of the [illegible] to serve the community [illegible] ... accurately and [illegible] ... search for truth, even if the [illegible] ... Star's new building will [illegible]."

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Toronto Star Limited

SEMI-ANNUAL REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED
MARCH 31, 1969

Toronto Star Limited

80 KING STREET W., TORONTO 110, CANADA

TO OUR SHAREHOLDERS:

A consolidated statement of income (unaudited), of Toronto Star Limited, for the six months ended March 31, 1969, and the corresponding period of 1968 is set forth below.

The results for this first half of the current fiscal year are most gratifying. The net income from operation is the highest for any 6 month period in the Company's history. To a large degree it reflects the up-turn in advertising revenues and earnings which began in the spring of 1968.

The outlook for advertising revenue for the balance of the fiscal year is bright.

The Company has placed an order for 5 new high-speed Crabtree presses which will allow production of a newspaper of up to 144 pages with color-printing facilities matching or exceeding the largest newspapers on this continent. The first payment of $630,000 under this contract has been made and is reflected under the item "Purchase of Fixed Assets" in the Source and Application of Funds Statement.

In April, the Company concluded an agreement to sell its King and Adelaide Street properties. The profit on disposal of these properties after making suitable provision for relocation and related expenses amounts to $8,650,000 and will be reflected in the accounts for the next quarter. Plans for a new Star building are nearing completion and an announcement should be made in the near future. The newspaper will continue to be published at 80 King Street West until a new plant is completed and equipped.

Beland Honderich

May 16, 1969

BELAND HONDERICH
President & Publisher

SUMMARY OF CONSOLIDATED INCOME FOR THE SIX MONTHS ENDED MARCH 31st, 1969 and 1968

	1969	1968
Gross Revenues	$ 24,667,000	$ 23,366,000
Provision for Depreciation	388,000	393,000
Interest on Long Term Debt	254,000	287,000
Investment Revenue	78,000	71,000
Provision for Income Taxes	1,532,000	564,000
Net Income before Extraordinary Item	1,354,000	496,000
Extraordinary Item – Profit on Sale of Assets (Net of Income Taxes – $160,000)	140,000	–
Dividends	270,000	270,000

SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MARCH 31st, 1969 and 1968

	1969	1968
Source of Funds:		
Net Income before Extraordinary Item	$ 1,354,000	$ 496,000
Depreciation and Amortization	397,000	403,000
Proceeds from Disposal of Fixed Assets (Net of Tax)	140,000	–
Miscellaneous	31,000	(6,000)
	$ 1,922,000	$ 893,000
Application of Funds To:		
Long Term Debt	$ 633,000	$ 33,000
Purchase of Fixed Assets (Net)	848,000	194,000
Investment in 50% owned companies	50,000	(92,000)
Dividends	270,000	270,000
	$ 1,801,000	$ 405,000
Increase in Working Capital	$ 121,000	$ 488,000